



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE BASED TARGETS CASE STUDY: COCA-COLA HBC

AN INITIATIVE BY:





Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered “science-based” if they are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5).

INTRODUCTION

Coca-Cola HBC is a leading bottler of The Coca-Cola Company with sales of more than 2 billion unit cases, or 50 billion servings, annually. It has operations in 28 countries spanning three continents, and reaching 594 million people. Coca-Cola HBC has a premium listing on the London Stock Exchange and its shares are also listed on the Athens Exchange.

Here Galya Tsonkova, Environment Manager for Coca-Cola HBC, talks us through the process and rationale for setting a Science-Based Target.

WHY DID YOU SET A SCIENCE-BASED REDUCTION TARGET?

Our company was part of the beta-version pilot of one of the science-based carbon reduction methodologies - the Sectoral Decarbonisation Approach - so we were able to test and calculate our targets in advance. Science-Based Targets are part of CDP's Commit to Action campaign and area natural evolution of what we were already doing, since our company set the first carbon reduction commitments back in 2006.

Over the last decade, we have integrated corporate responsibility and sustainability into the way we run

our business. Our efforts in the area of sustainability are being recognised, with Coca Cola HBC named the industry European and Global leader amongst beverage companies in the Dow Jones World and Europe Sustainability Indices (DJSI) for two consecutive years. We also received the top ranking in CDP's Climate Performance Leadership Index in 2014.

This year, the World Economic Forum named climate change as the biggest global risk facing business and the economy. And water – which is linked to climate change - is a primary ingredient of our products and central to our manufacturing processes.

THE TARGETS

Coca-Cola HBC commits to reduce Scope 1 and 2 emissions by 50% per liter of produced beverage by 2020, compared to 2010 and reduce emissions across the total value chain (Scope 1, 2 and 3) by 25% per liter of produced beverage over the same period.

Coca-Cola HBC has also committed to developing additional supporting Scope 3 (cold drink equipment and packaging) targets in 2016.

WHAT WAS THE PROCESS INTERNALLY?

We presented the proposal to set new science-based carbon reduction commitments to the Sustainability Steering Committee. As with all new processes, we had to develop convincing messaging and long term sustainability case studies to achieve senior management "buy in" and to justify the costs. High-level country based action plans were then developed.

The fact that we had already implemented our "Accounting for Sustainability" project and practices in which we defined our internal cost of carbon made it easier to get official approval and endorsement from senior management. It is through the implementation of such initiatives that we demonstrate that sustainability is an organic part of our culture and long-term business strategy. It also enables us to communicate clearly what is needed to maintain our leadership position in this area.

In addition to strong leadership and consistent messaging, we have selected and empowered country carbon champions to drive the implementation. This way, all business functions are consistently involved at country-level, in cooperation with our Group Sustainability function. The Group carbon team aligns the country actions and tracks all committed initiatives.

HOW DID YOU WORK WITH THE SCIENCE-BASED TARGETS PARTNERS?

The support of CDP and the other partners has been invaluable. They have taken us step by step through the process. As I mentioned, we were part of the pilot of the Sectoral Decarbonisation Approach – the specific methodology developed by the Science-Based Targets Initiative. We tested it and provided feedback based on our experience. This helped us to fine-tune and calibrate the tool and when we saw it published, we were pleased to recognize that our feedback had been taken into account.

WHAT DIFFERENCE DOES IT MAKE TO HAVE SET A SCIENCE-BASED TARGET?

As mentioned before, we first set internal carbon reduction targets in 2006 so we were not starting from scratch. Nevertheless, setting science-based targets clearly helps us getting to the next level.

It also means we have become more ambitious. We have a much more structured approach to reaching the target. We know, for example, that our renewable energy strategy will be of key importance and now we can present some hard facts that show our initiatives are going to have positive impact.

The target is grounded in science, based on a specific methodology. This means it will make the difference it needs to make. It will help us to know that we are contributing and playing our part. In the past, companies would set targets without the necessary information or a solid point of reference. They would just pick a round figure and aim for cuts of 20, 30, 40 per cent, with no further justification, other than generic aspirations.

Now, we have a target that is approved by external, credible experts, verified through relevant scientific methodology. That makes a big difference, both for external stakeholders, as well as to our management.

WHAT ARE THE BENEFITS YOU ANTICIPATE OF HAVING A SCIENCE-BASED TARGET?

Having externally verified reduction targets in place, approved by an independent party is very important for external stakeholders. For a company like ours, this is truly a compelling story. It adds value to our customers, consumers, authorities and investors. It is also very important for the communities in which we operate. Essentially, it is part of our license to operate long term.

We are part of the societies operating in twenty-eight countries. Earning and maintaining the trust of our consumers and our communities, should be at the heart of all of our activities, if we want to remain leaders in sustainability.

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**– Galya Tsonkova
Environment Manager
Coca-Cola HBC**





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@sciencetargets



info@sciencebasedtargets.org

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